



FY2009 Defense Budget: Issues for Congress

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Outline

- Overview, Trends, Issues: Steve Daggett
- Weapons Acquisition: Ronald O'Rourke
- Personnel Issues: Lawrence Kapp



FY2009 Defense Budget: Overview, Trends, and Issues

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Key Budget Terminology

- Budget authority *versus* outlays
- National defense budget function *versus* Department of Defense budget
- Discretionary *versus* mandatory funds
- Regular appropriations *versus* “emergency” and/or “supplemental” and/or “additional” appropriations

Table 27-1. Budget Authority and Outlays by Function, Category, and Program
 (In millions of dollars)

Function and Program	Budget Authority			Outlays				
	2007 Actual	Estimate		2007 Actual	Estimate			
		2008	2009		2008	2009		
050 National defense:								
Discretionary:								
Department of Defense—Military:								
Military personnel	129,302	134,316	125,347	126,374	134,625	125,416		
Operation and maintenance	239,234	256,482	190,972	215,728	224,428	241,799		
Proposed Legislation (non-PAYGO)			-1,184			-937		
Subtotal, Operation and maintenance	239,234	256,482	179,798	215,728	224,428	240,822		
Procurement	139,592	170,580	104,216	99,647	130,439	142,833		
Research, development, test and evaluation	77,400	79,483	79,816	73,060	74,735	79,566		
Military construction	13,974	20,192	21,197	7,899	10,241	15,115		
Family housing	4,004	2,878	3,203	3,472	4,287	3,358		
National defense stockpile transaction fund, discretionary change in mandatory program			-1,300					
Revoking, management, and trust funds and other	3,400	4,658	3,473	1,740	2,273	4,469		
Allowance for 2009 funding for the Global War on Terror			70,000			37,699		
Total, Department of Defense—Military	600,906	668,584	585,440	527,920	581,022	648,281		
Atomic energy defense activities:								
Department of Energy	15,933	15,120	15,902	15,765	16,491	17,019		
Formerly utilized sites remedial action	140	140	130	127	140	134		
Defense nuclear facilities safety board	22	22	25	21	24	26		
Total, Atomic energy defense activities	16,095	15,282	16,117	15,913	16,655	17,179		
Defense-related activities:								
Federal Bureau of Investigation	3,264	3,431	2,798	2,971	3,476	2,800		
Other discretionary programs	2,101	2,470	2,446	2,359	2,535	2,455		
Total, Defense-related activities	5,365	5,901	5,239	5,330	6,011	5,255		
Total, Discretionary	622,366	689,767	606,796	549,163	603,688	670,715		
Mandatory:								
Department of Defense—Military:								
Concurrent receipt accrual payments to the Military Retirement Fund	2,452	2,776	3,656	2,452	2,776	3,656		
Operation and maintenance	23							
Aircraft procurement	40							
Other procurement	144	27			44	10		
Research, development, test, and evaluation	149			76				
Revoking, trust and other DoD mandatory	678	820	819	824	901	839		
Offsetting receipts	-1,427	-1,689	-1,624	-1,427	-1,689	-1,624		
Total, Department of Defense—Military	2,059	1,934	2,851	1,925	2,032	2,881		
Atomic energy defense activities:								
Energy employee's occupational illness compensation program and other	1,094	1,089	1,050	1,137	1,120	1,050		
Defense-related activities:								
Radiation exposure compensation trust fund	74	40	31	79	38	35		
Payment to CIA retirement fund and other	257	384	403	264	365	403		
Total, Defense-related activities	331	424	434	343	423	438		
Total, Mandatory	3,484	3,447	4,235	3,405	3,575	4,209		
Total, National defense	625,850	689,214	611,131	552,568	607,263	675,084		

DOD Discretionary Budget Authority, Base Budget Only (Excluding Supps), FY2007-FY2009

Table 5.1 Budget Authority by Appropriation Title

\$ in Millions	FY 2007 Actual	FY 2008 Enacted	FY 2009 Request	Delta '08-'09	Percent Change '08-'09
Military Personnel	110,409.5	116,477.6	125,246.9	+8,769.3	7.5%
Operation and Maintenance	147,773.5	164,187.3	179,787.0	+15,599.8	9.5%
Procurement	83,697.9	98,985.8	104,216.3	+5,230.5	5.3%
RDT&E	75,773.5	76,535.5	79,615.9	+3,080.4	4.0%
Military Construction	9,154.5	17,763.3	21,196.8	+3,433.5	19.3%
Revolving Funds	2,280.1	2,691.8	2,173.5	-518.4	-19.3%
Family Housing	4,022.3	2,866.7	3,203.5	+336.7	11.7%
International Programs	35.0	—	—	—	—
Offset Receipts	-1.3	—	—	—	—
Total	433,144.9	479,508.1	515,439.9	+35,931.8	7.5%

Numbers may not add due to Rounding

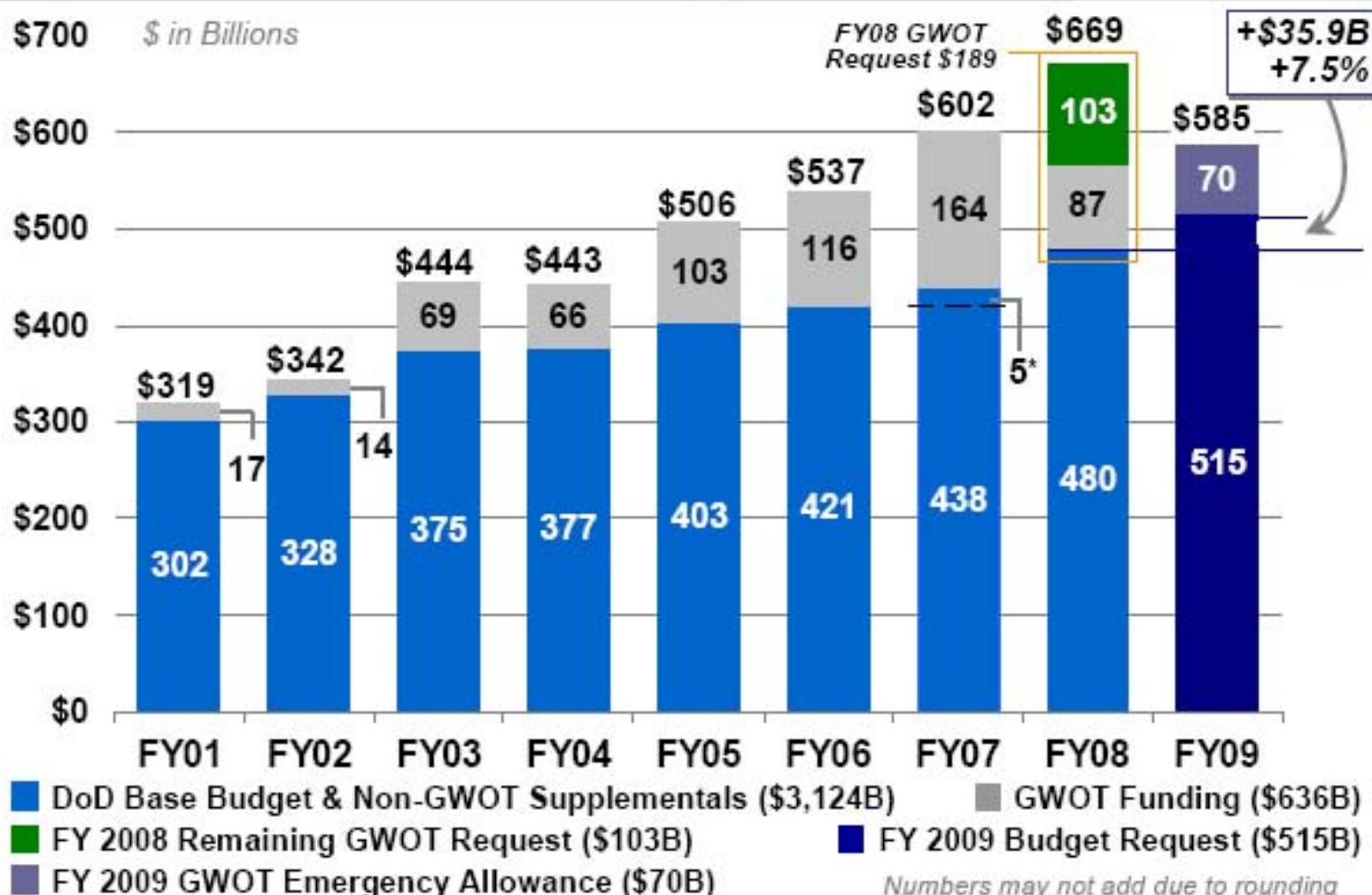
Table 5.2 Budget Authority by Component

\$ in Millions	FY 2007 Actual	FY 2008 Enacted	FY 2009 Request	Delta '08-'09	Percent Change '08-'09
Army	108,554.2	128,421.5	140,710.4	+12,288.9	9.6%
Navy	126,147.3	139,139.5	149,294.5	+10,155.1	7.3%
Air Force	128,298.0	134,296.9	143,859.1	+9,562.1	7.1%
Defense-Wide	70,145.4	77,650.2	81,575.9	+3,925.7	5.1%
Total	433,144.9	479,508.1	515,439.9	+35,931.8	7.5%

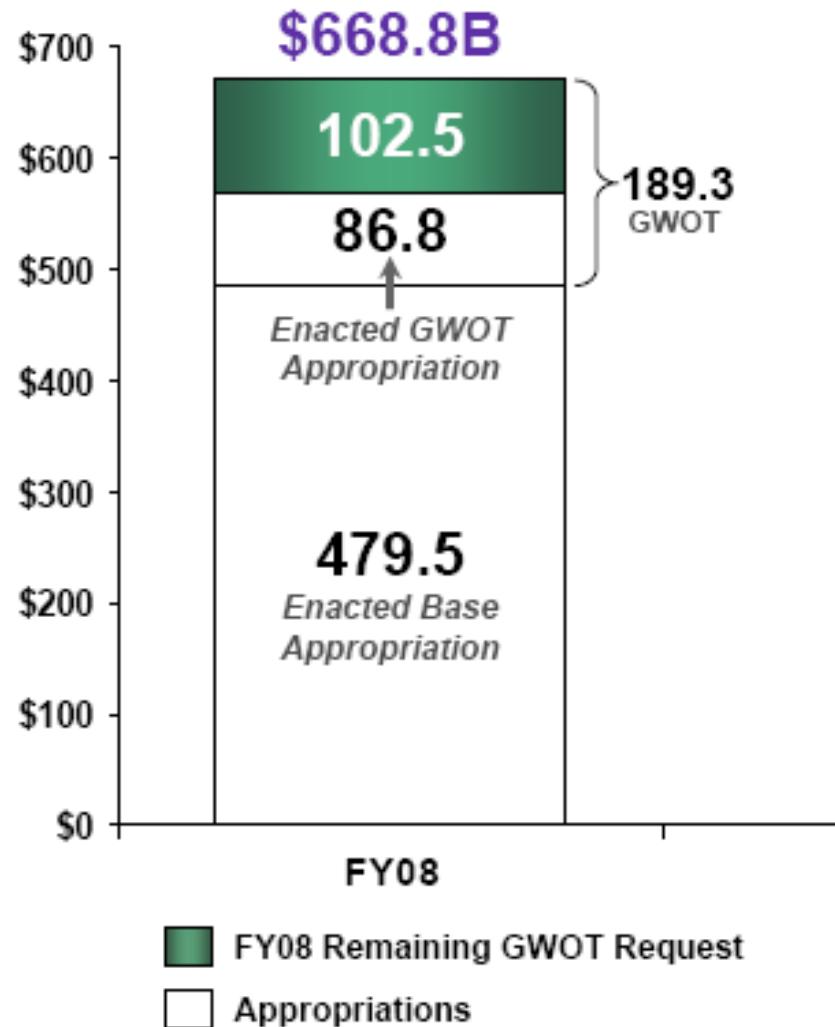
Numbers may not add due to Rounding

Source: Department of Defense, *DOD FY2009 Budget Request Summary Justification*, Feb. 2008.

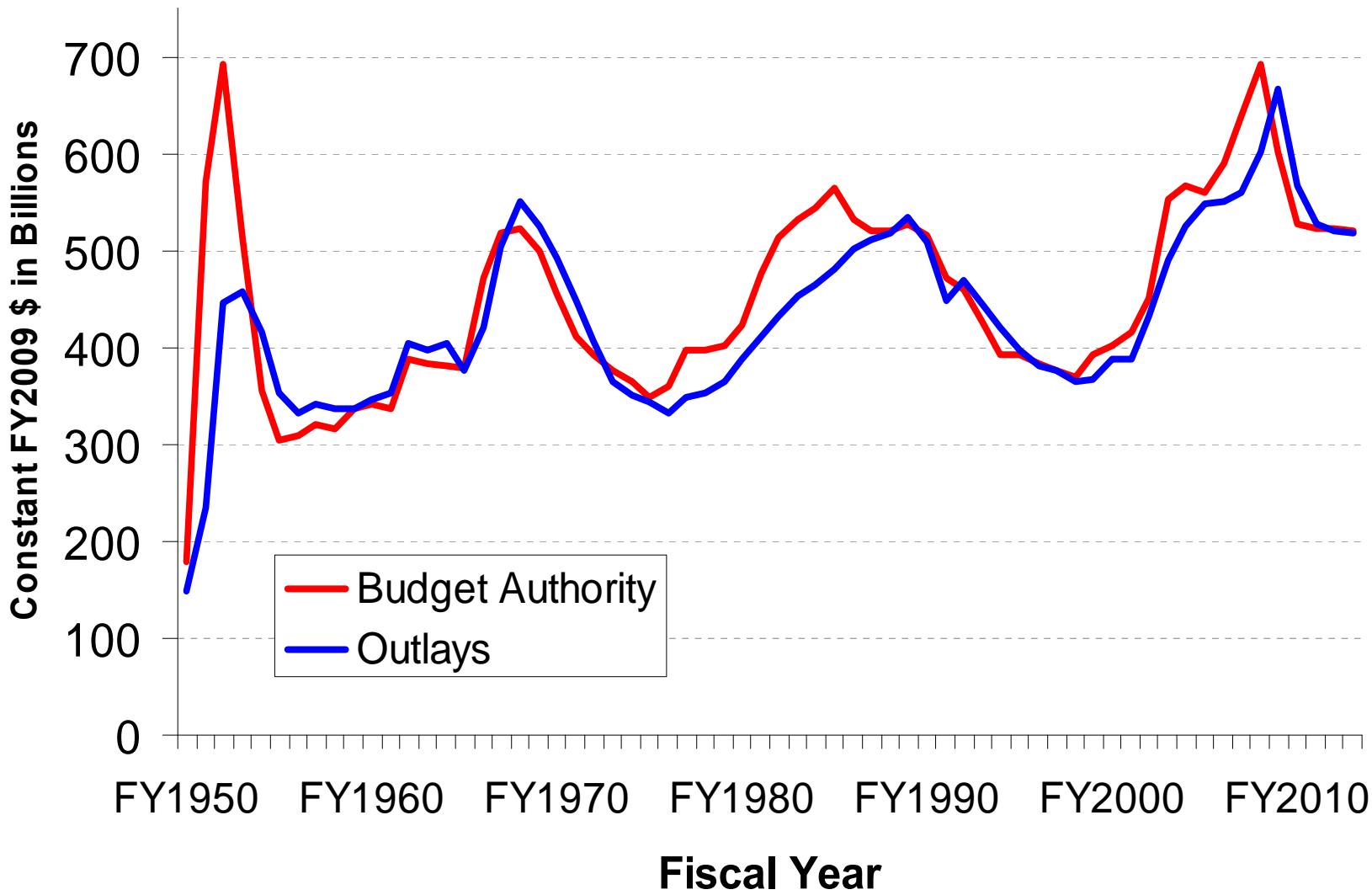
Figure 1.1 Historical Budget and GWOT Funding



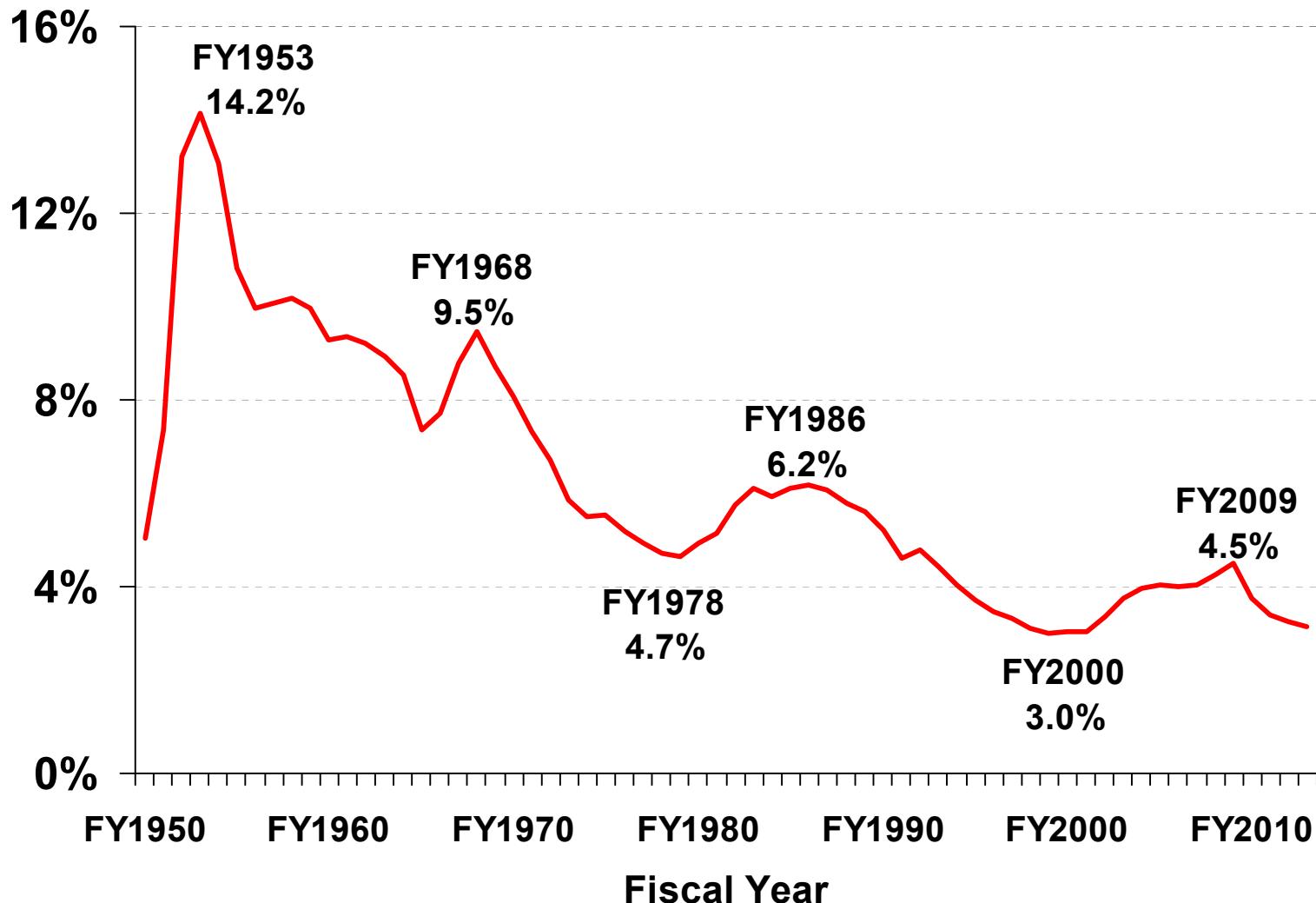
FY2008 War-Related Supplemental Funding: \$102.5 Billion of Request Remains



National Defense Budget Authority & Outlays, FY1950-FY2013

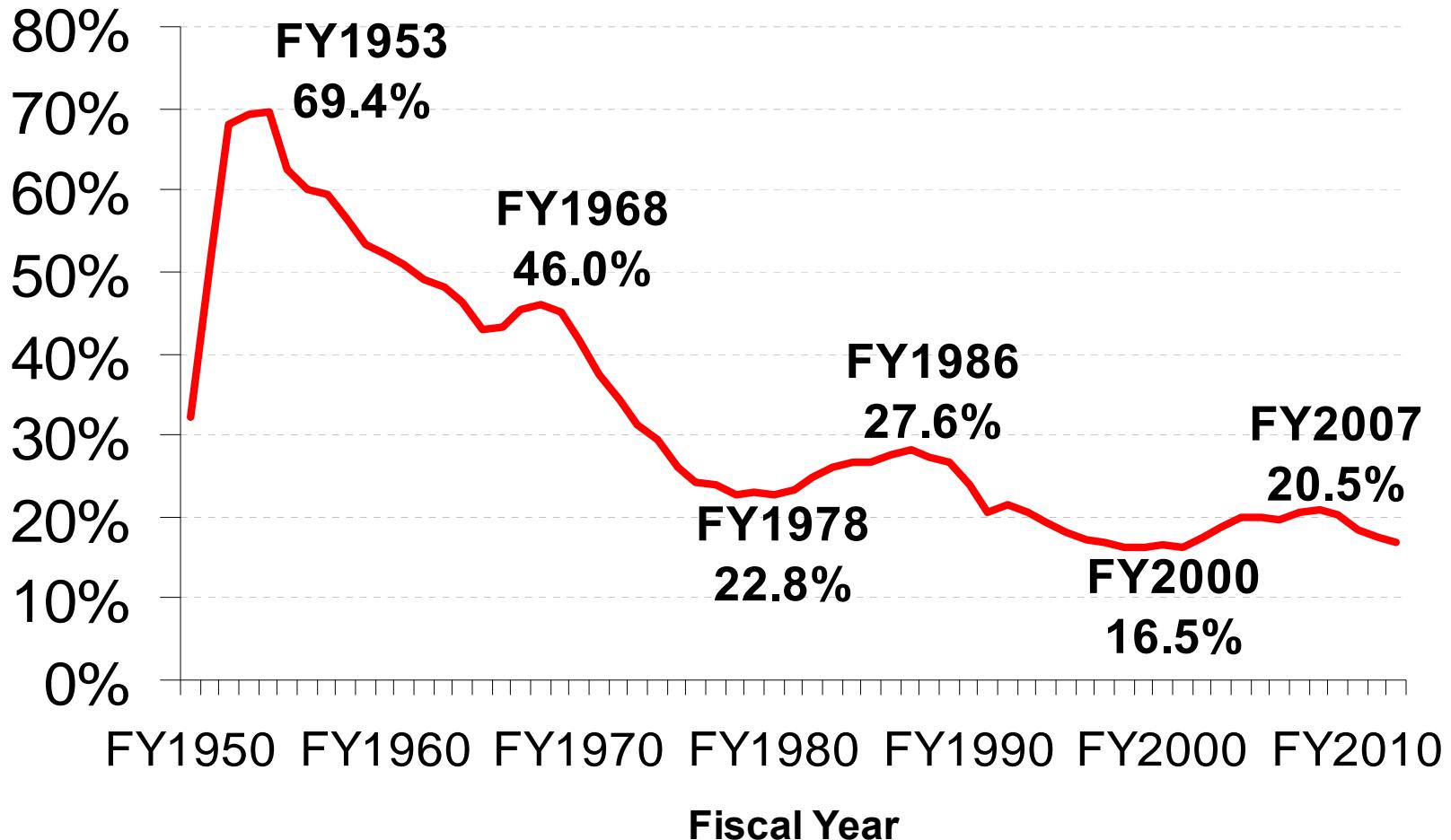


National Defense Outlays % GDP: FY1950-FY2013



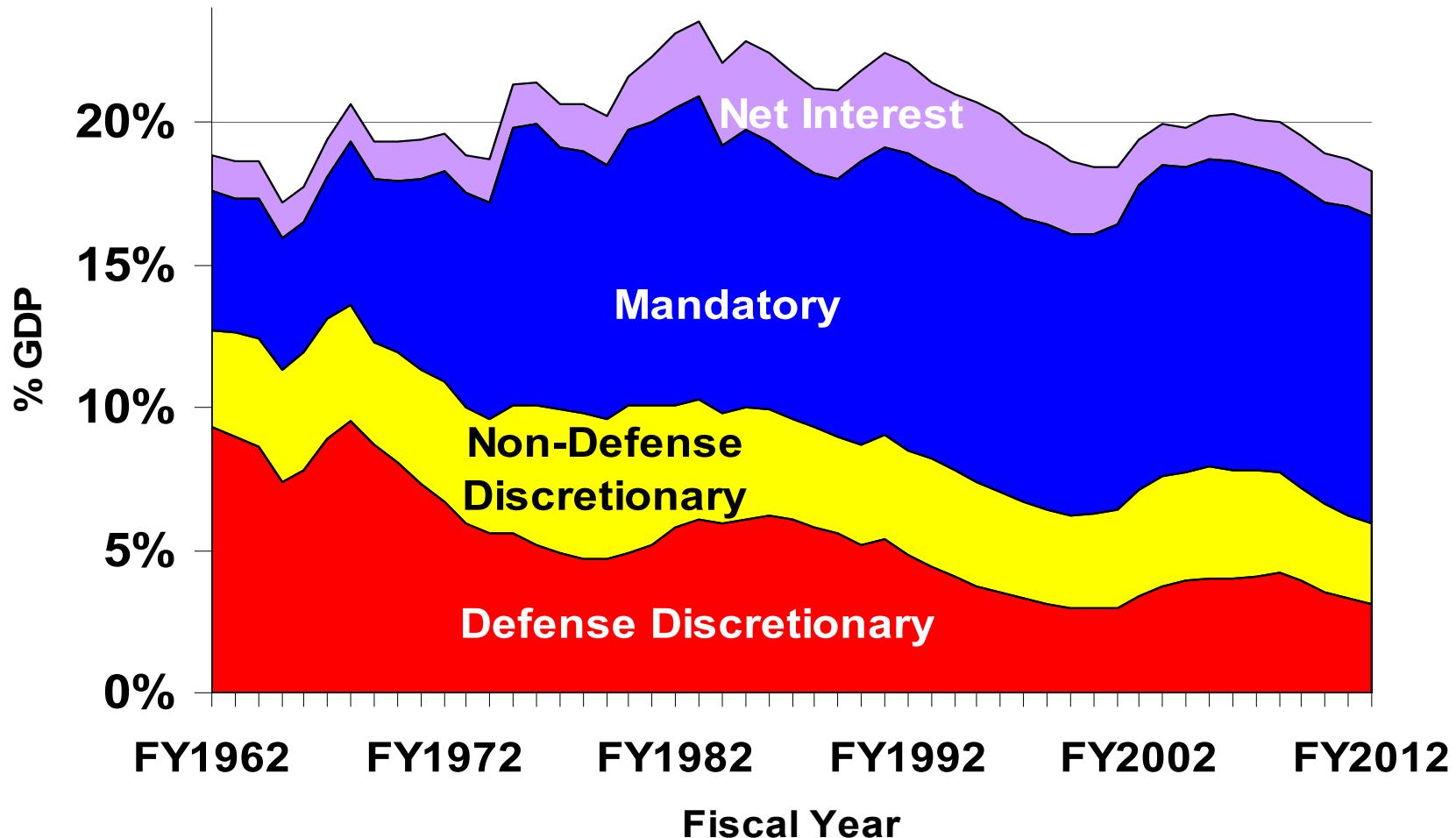
National Defense Outlays % Federal Outlays

FY1950-FY2013



Federal Outlays by Category as % GDP

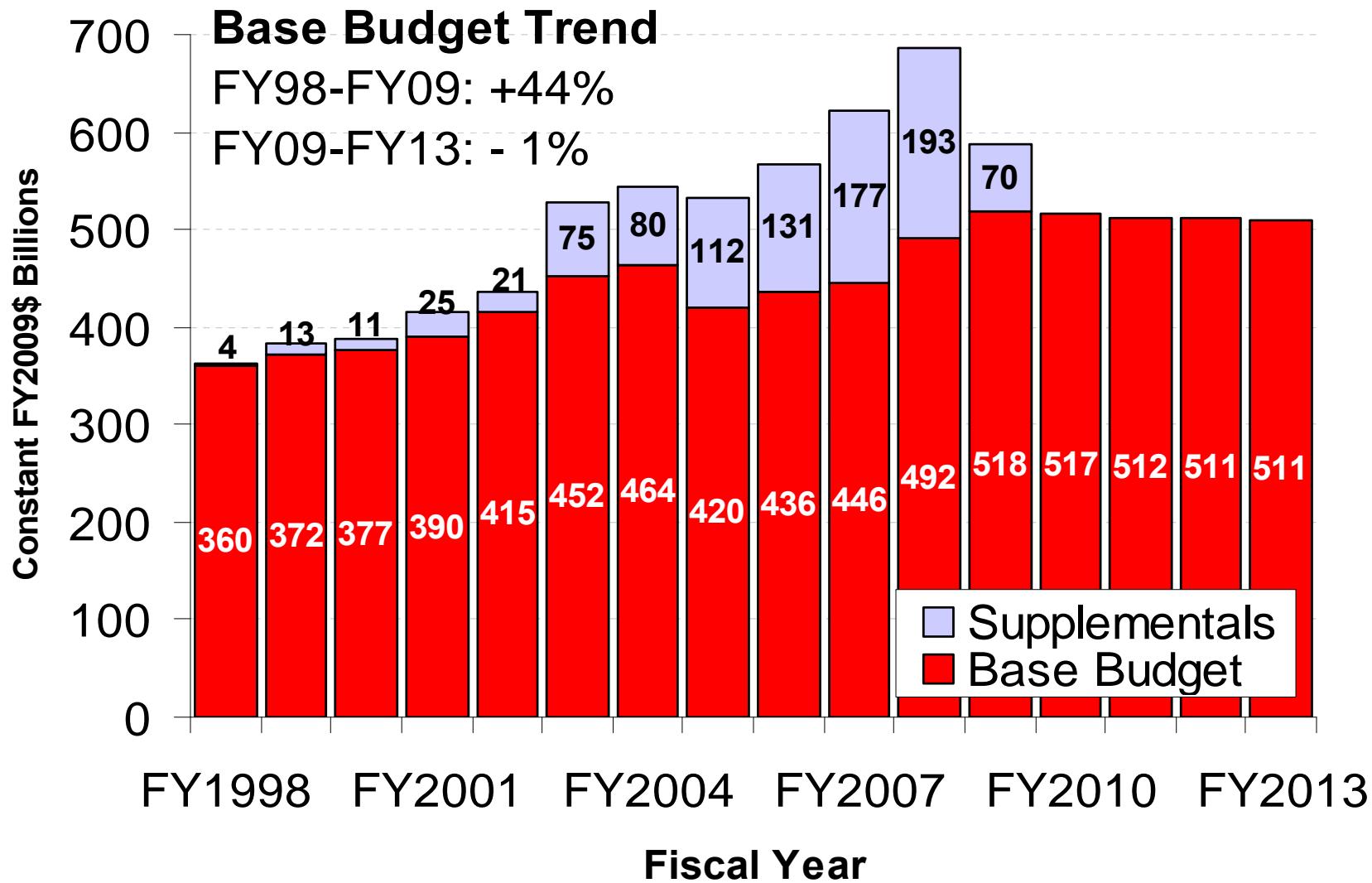
FY1962-FY2012



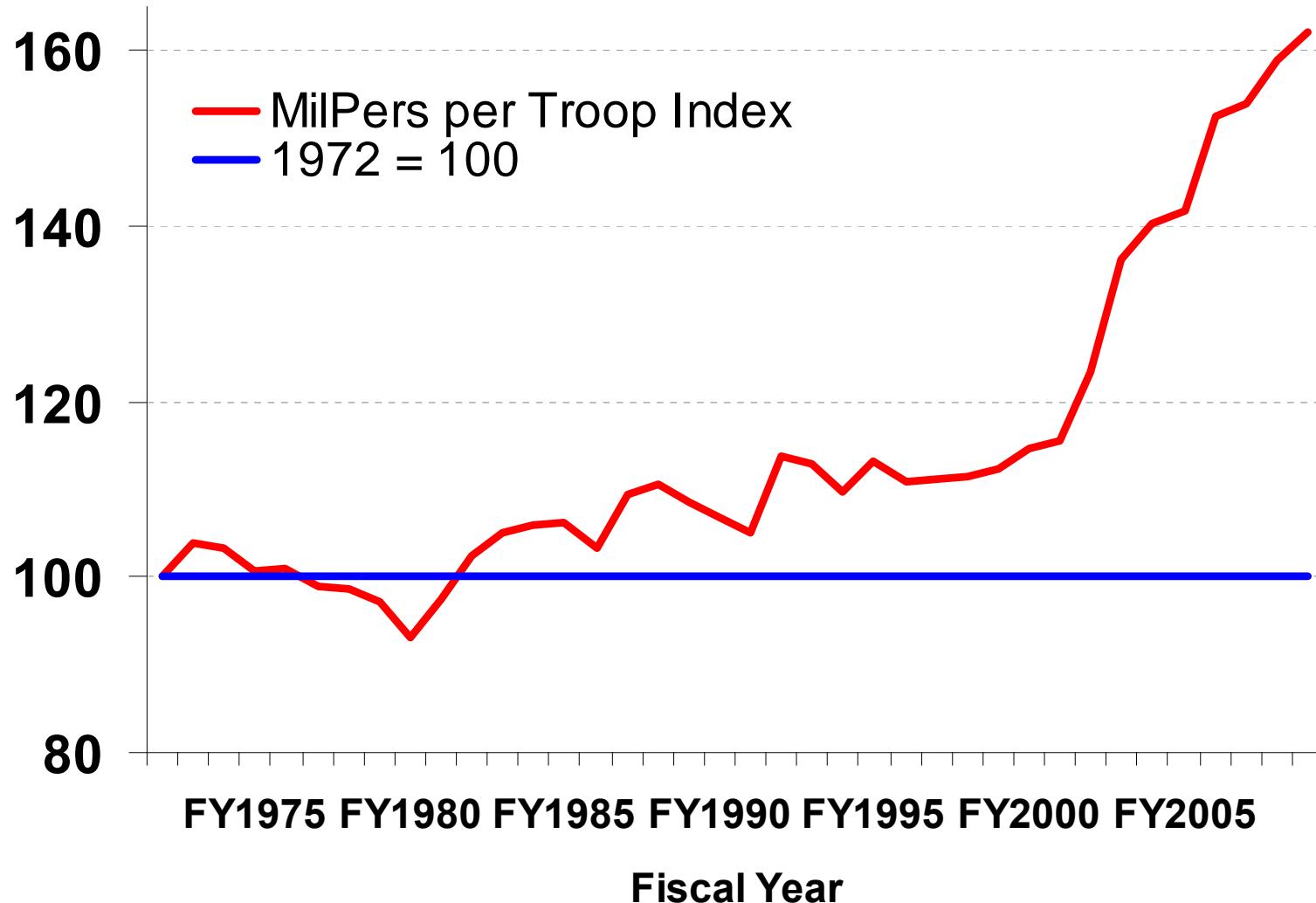
Long-Term Budget Challenges

- Top line for “base” budget flattens out
- Funding for “modernization” squeezed by
 - Increased cost of personnel
 - Continued steady growth of operations
 - Cost growth in major weapons program
- Issue for Congress – “affordability”
 - Steady state cost of adding 92K ground forces
 - Air Force -- \$20 billion annual acquisition shortfall
 - Navy – 313 ship goal

Real Growth in DOD Base Budget, FY1998-FY2013



Military Personnel Pay and Benefits per Troop Indexed to FY1972 Using CPI



Why Personnel Cost More: Increases in Military Pay and Benefits Since 1999

- 6 years of “Employment Cost Index” + ½ % pay raises (ending in 2006), ECI in FY2007, ECI + ½% in FY2008
- 4 rounds of “pay table reform,” the latest in 2007
- “TRICARE for Life” for 65 and older military retirees
- Increased housing allowances to eliminate differences between on-base and off-base housing costs
- “Concurrent receipt” of retired pay and disability benefits for retirees with VA disability rating of 50% or greater
- Repeal of 1986 “Redux” retirement program which gave lower pensions to those recruited after that time
- Repeal of offset of Survivor Benefit Plan (SBP) payments for receipt of Social Security after age 62
- TRICARE health insurance, with premium of 28% of cost, for all reservists and their dependents

Adding 92,000 Active Duty Troops to Army and Marine Corps End-Strength by FY2012

Year by Year End-Strength Projections

	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>
Army ES	522.4K	525.4K	532.4K	539.4K	546.4K	547.4K	547.4K
Marine ES	180.4K	186.5K	194.0K	199.0K	202.0K	202.0K	202.0K

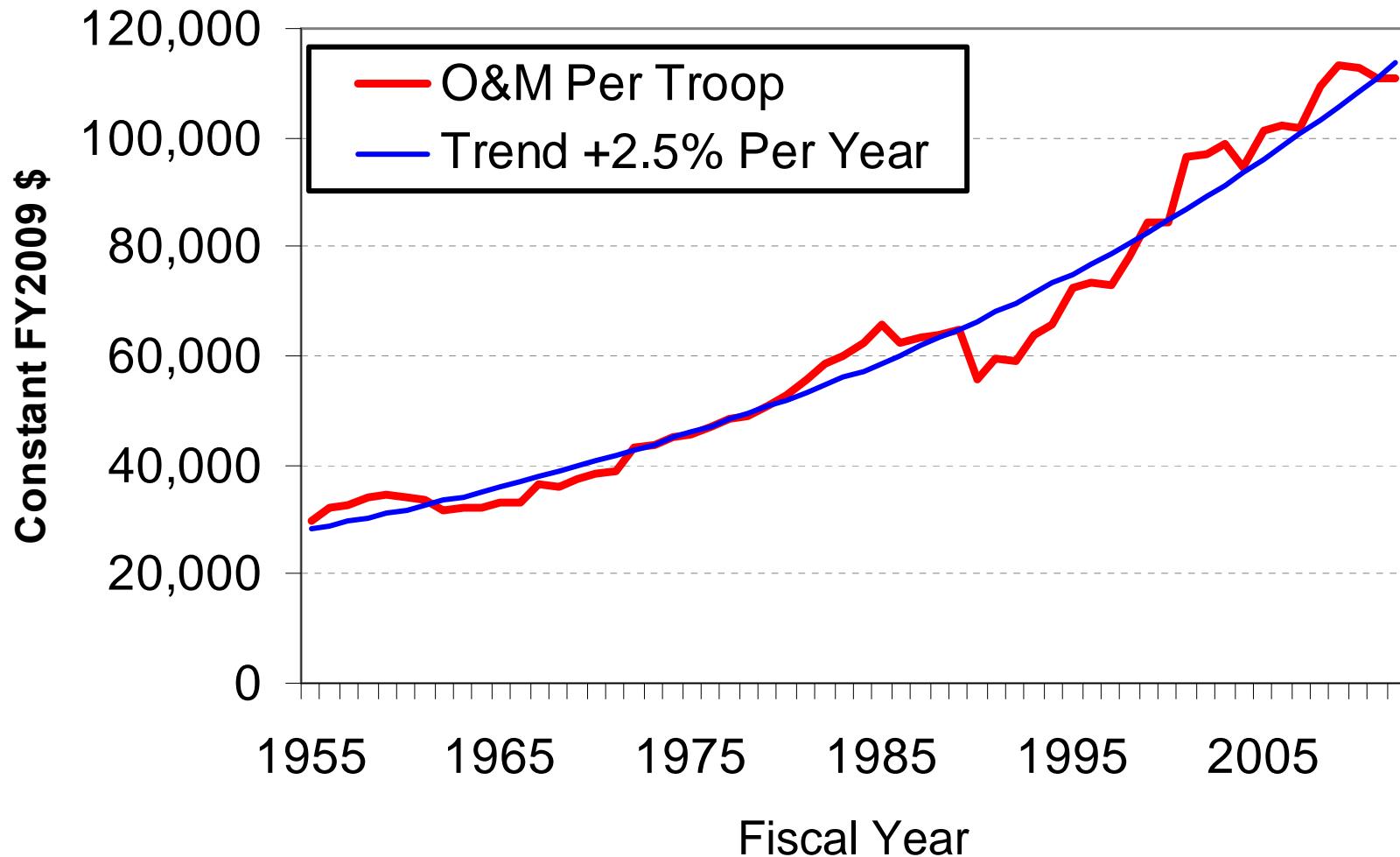
Year by Year Cost Projections

	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY09-13</u>
\$ in Billions	\$ 11.9	\$ 20.5	\$ 21.9	\$ 18.3	\$ 16.6	\$ 13.3	\$ 90.7

Note: Army Baseline of 482.4K + 65.0K = 547.4K

Marine Corps Baseline of 175.0K + 27.0K = 202.0K

Operating Costs Grow: Total Operation & Maintenance \$ per Troop: FY1955-FY2013



Why O&M Costs Continue to Climb

- Civilian personnel pay and benefits – most civilians paid in O&M
- Health care cost growth – major issue for DOD
- Quality of life/environmental cleanup and compliance, etc
- Costs of recruitment and training
- Costs of operating and maintaining modern weapons

Costs of Recapitalization/ Modernization Climb

- Common view: Unit cost of equipment dramatically higher than in earlier generations – e.g., F-16 vs F-35 (low end)
 - General evidence from industry briefings
 - Further research needed
- Add lack of effective cost controls
 - GAO findings
 - Industry claims due to instability, GAO argues due to acceptance of excessive risk

Recapitalization Rates: 1985 vs. 2008

	1985	2008	Δ
Tactical Fighters	338	56	-282
Bombers	34	0	- 34
Other Fixed Wing	211	153	-58
Rotary Wing	354	373	+19
Missiles	87,113	13,471	- 73,642
Tracked Combat Vehicles	2,414	1,258	-1,156
Tactical Vehicles	56,551	32,276	- 24,275
Satellites (Unclassified)	10	1	-9
Ships	23	7	-16



Source: Adapted from Boeing Corporation, January 2008

Cost Growth in Weapons Programs: GAO

Table 3: Examples of DOD Programs with Reduced Buying Power

Program		Initial estimate ➡	Initial quantity	Latest estimate ➡	Latest quantity	Percent of unit cost increase
Joint Strike Fighter		\$189.8 billion	2,866 aircraft	\$206.3 billion	2,458 aircraft	26.7
Future Combat Systems		\$82.6 billion	15 systems	\$127.5 billion	15 systems	54.4
F-22A Raptor		\$81.1 billion	648 aircraft	\$65.4 billion	181 aircraft	188.7
Evolved Expendable Launch Vehicle		\$15.4 billion	181 vehicles	\$28.0 billion	138 vehicles	137.8
Space Based Infrared System High		\$4.1 billion	5 satellites	\$10.2 billion	3 satellites	315.4
Expeditionary Fighting Vehicle		\$8.1 billion	1,025 vehicles	\$11.1 billion	1,025 vehicles	36.9

Source: GAO analysis of DOD data. Images sourced in their respective order: JSF Program Office; Program Manager, Unit of Action, U.S. Army; F-22A System Program Office; (Left) © 2003 ILS/Lockheed Martin, (right) © 2003 The Boeing Company; Lockheed Martin Space Systems Company; General Dynamics Land Systems.

Why Do Weapons Costs Climb?

- Pressures to “transform”
 - Effort to exploit rapidly advancing technology
 - Result – pursuit of immature technologies
- Requirements creep – due, in part, to
 - Smaller numbers
 - Plus uncertain strategic requirements
- Tight budgets increase incentives to underestimate costs – “buying in”

Current Defense Issues

- FY2008 Supplemental: \$103 billion pending
 - Army O&M runs out by June
- FY2009 Supplemental
 - \$70 billion “placeholder” – understates deficit
 - Full-year estimate expected in Spring
- Army and Marine Corps End-Strength
 - Recruit quality an issue

Current Defense Issues (cont.)

- F-22 – \$500 million planned for line shutdown deleted from FY09 request
 - Will request 4 aircraft in FY09 supp
 - Lockheed says not enough to avoid shutdown
- C-17 – also no \$ for line shutdown
- Cost growth issues
 - Littoral Combat Ship – not ready
 - TSAT (Comm Satellite) delay

Current Defense Issues (cont.)

- Commission on National Guard and Reserve
 - Units not fully prepared or equipped for homeland defense
 - Nor fully equipped for *operational* reserve role
- Global Partnership
 - Money not large but
 - DOD role remains matter of debate



FY2009 Defense Budget: **Weapons Acquisition**

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Ground Forces

- MRAP
 - JROC approved 15,374; Commanders: fewer
- Expeditionary Fighting Vehicle (EFV)
 - Development problems, cost growth
 - Armor inserts; V hull
 - DAB review early 2008 – additional prototypes?
- Future Combat System (FCS)
 - Technology Spin Out 1 this year
- *Contact: Andrew Feickert, x7-7673*

Airpower

- F-22
 - 183 (OSD) vs. 381 (USAF)
 - Keeping production line open
 - F-15 structural problems
- F-35 Joint Strike Fighter (JSF)
 - Second engine?
 - Boeing proposal to skip Navy carrier version
- Long Range Strike
 - Meeting 2018 goal for fielding new plane
- VH-71 Presidential helicopter
 - Development problems; program restructuring
- *Contact: Anthony Murch, x7-0432*

Airpower (continued)

- KC-X competition
 - Closely watched; award in late-Feb/Mar
- C-17 acquisition
 - No FY08 funds requested for either new acquisition or production line shutdown
- C-5 modernization
 - Cost and cost effectiveness of Reliability Enhancement and Re-Engining Program
- *Contact: William Knight, x7-6427*

Naval Forces

- Overall rate of Navy shipbuilding
 - FY09-FY13 reductions; affordability of plan
- Littoral Combat Ship (LCS)
 - Cost growth, schedule delays, restructuring
 - Commonality with Coast Guard hulls
- Amphibious ships
 - Force-level goal
 - 10th LPD-17
- CG(X) cruiser
 - Nuclear power?
- Virginia-class submarine
 - Acceleration to 2 per year in FY11, or earlier?
- *Contact: Ronald O'Rourke, x7-7610*

Ballistic Missile Defense

- \$10.9 billion requested for FY09
 - Total above includes \$400M in MilCon and BRAC
 - \$9.4B for Missile Defense Agency (MDA)
- European Ground-Based Defense (GMD) element
 - Debate over proposal last year
 - Congress approved \$225 million for FY08 for surveys and analyses, but cut \$85 million for site construction pending resolution of several congressional concerns
 - DOD has requested \$720 million for FY09
- *Contact: Steve Hildreth, x7-7635*

Strategic nuclear forces

- (Former) conventional Trident missile modification program
 - Funding denied last year
 - No longer unique program – merged into Prompt Global Strike technology development program
- New Nuclear Posture Review
 - Set to begin early '09, with next Administration
- Next-generation SSBN
 - Initial design work accelerated; to begin soon
- *Contact: Amy Woolf, x7-2379*

Nuclear Weapons

- Reliable Replacement Warhead (RRW)
 - Debate over its necessity
 - Congress denied FY08 development funding
 - DOE has requested \$10 million for FY09
- *Contact: Jonathan Medalia, x7-7632*



FY2009 Defense Budget: Manpower & Personnel Issues

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MILITARY MANPOWER AND PERSONNEL ISSUES IN 2008

- Manning Army
- Changing role of National Guard and Reserve
- Implementation of Wounded Warrior legislation

The Army Is Growing

	Actual Strength (Sep 30, 2006)	Actual Strength (Sep 30, 2007)	Strength Goal (Sep 30, 2009)
Active Army	505,402	522,017	532,400
Army Reserve	189,975	189,882	205,000
National Guard	346,288	352,707	352,600
Total Army	1,041,665	1,064,606	1,090,000

- Active Army and Army National Guard strength grew by 23K during FY2007, Army Reserve strength is stable, but under goal
- Total Army strength projected to grow another 25K by end of FY09, unclear if Army Reserve can meet its strength goal
- Active Army wants to grow to 547,400 by FY2012, sooner if possible

The Army Is Growing

- Growth is driven by combination of strong retention and recruiting success:
 - Army and Army Reserve have met or exceeded all their retention goals for FY2005-2007, sometimes by large margins
 - Army National Guard has been very close to its retention goal for those years as well
 - After poor recruiting year in FY2005, Army, Army Reserve, and Army National Guard all had substantially better performance in FY2006 and 2007, meeting or nearly meeting all their quantity goals
- But...
 - Improved recruiting has cost Army more in terms of advertising, bonuses/incentives, and additional recruiters
 - *Recruit quality is declining according to some measures*

Army Recruit Quantity

FY 2005-2007 Results

Component	FY05 (Goal) ^a	FY05 (Achieved)	FY05 (% of Goal)	FY06 (Goal) ^a	FY06 (Achieved)	FY06 (% of Goal)	FY07 (Goal)	FY07 (Achieved)	FY07 (% of Goal)
Army	80,000	73,373	91.7%	80,000	80,635	100.8%	80,000	80,407	100.5%
Army Reserve	24,485	23,859	83.8%	36,032	34,379	95.4%	35,505	35,734	100.6%
Army National Guard	63,002	50,219	83.8%	70,000	69,042	98.6%	70,000	66,652	95.2%

*Number recruited for all Army components is up 24%
(147,451 in FY2005 vs. 182,793 in FY2007)*

Army Recruit Quality

FY 2005-2007 Results

Component	DOD Quality Benchmarks		FY2005 (Achieved)		FY2006 (Achieved)		FY2007 (Achieved)	
	HSDG	AFQT CAT I-IIIA	HSDG	AFQT CAT I-IIIA	HSDG	AFQT CAT I-IIIA	HSDG	AFQT CAT I-IIIA
Army	90%	60%	87%	67%	81%	61%	79%	61%
Army Reserve	90%	60%	88%	67%	90%	59%	86%	57%
Army National Guard	90%	60%	83%	57%	91%	57%	91%	57%

HSDG: High School Diploma Graduate

Source: Department of Defense

AFQT: Armed Forces Qualification Test

CAT I-IIIA: Categories I-IIIA (above average scores)

Quality concerns:

- Lower HSDG & AFQT for Active Army & Army Reserve
- Army National Guard improved HSDG, but AFQT below standard
- Medical and Conduct Waivers Up (see handout)

Recruiting Challenges

Perceived Causes of Army Recruiting Difficulties

- War – over six years in Afghanistan, nearly five in Iraq
- Army is growing – needs to recruit more people than it did a few years ago
- About $\frac{3}{4}$ of target population for enlistment (males aged 17-24) do not meet military standards for entry – physical, intellectual, moral, educational, dependency
- Unemployment is low – plenty of alternatives to military service
- High proportion of youth (about 2/3) going on to college
- Declining “propensity to serve” among youth
- “Influencers” – parents, teachers, coaches -- less willing to recommend military service

Recruiting

Options for Congress and Executive Branch

- Use of traditional policy levers:
 - more advertising, more bonuses, more recruiters
- Change entrance standards to expand the eligible population – perhaps on a “pilot program” basis only:
 - Allow more overweight (with enhanced weight loss program)
 - Allow more non-HSDG (increase in costs due to attrition likely)
 - Allow certain illegal immigrants to serve (screening criteria important)
 - Review of medical standards for military necessity
- Increasing military connections to local communities:
 - Recruiter assistant program
 - JROTC (not a recruiting program, but provides youth with exposure to military)
- More attractive programs for college-bound or college enrolled youth

Changing Role of National Guard and Reserve

- In Cold War-era, Reserve Components were largely “strategic reserve”
 - To be accessed infrequently, in times of national crisis
- Since end of Cold War (1989), and particularly since September 11th attacks (2001), military has increasingly relied upon Reserve Components as “operational reserve”
 - Able to provide forces for wide array of operations on regular basis (e.g., Desert Storm, Bosnia, Haiti, Kosovo, Afghanistan, and Iraq)
- September 11th attacks and Hurricane Katrina also demonstrated utility of National Guard and Reserve in conducting homeland security and domestic emergency type missions

Changing Role of the National Guard and Reserve

- 108th and 109th Congress directed *Commission on National Guard and Reserve* to study:
 - Reserve Component roles and missions
 - Reserve Component compensation
 - National Guard Empowerment Act (H.R. 5200/S 2658 in 109th Congress)
- Recommendations on National Guard Empowerment Act contained in Second Interim Report issued March 1, 2007
 - Available at [<http://www.cngr.gov>]
- Many recommendations of this report were incorporated into law in FY08 National Defense Authorization Act

Changing Role of the National Guard and Reserve

- Final Report issued January 31, 2008
 - Available at [<http://www.cngr.gov>]
- The report makes 95 recommendations with regards to:
 - Developing and sustaining an “operational reserve,”
 - Using the Reserve Components in homeland operations
 - Modifying Reserve Component compensation, training, support, equipment, and personnel management
- Congressional response to these recommendations could have major impact on how Reserve Components are organized, manned, trained, equipped, and funded
- Some recommendations have impacts beyond Reserve Components

Changing Role of the National Guard and Reserve

Some recommendations of the Commission include:

- New activation authority for responding to disasters
- Major revisions to military promotion system
- Increase training for most reservists beyond traditional 39 days per year
- Reserve Component members allowed to participate in FEHBP
- Increase funding for family support services
- Reduce reserve duty statuses from 29 to 2 (on active duty and off active duty)
- Major revisions to military retirement system: integrate active and reserve systems, vest earlier, full annuity later, matching contributions to TSP
- Reorganize Reserve Component categories, to include Operational Reserve Force and Strategic Reserve Force
- Eliminate Office of Assistant Secretary of Defense for Reserve Affairs; assign responsibilities to Under Secretary or Assistant Secretary of Defense having responsibility for corresponding active component issues

Wounded Warrior

- Wounded Warrior legislation passed as part of National Defense Authorization Act for FY 2008 (P.L. 110-181)
- Response to concerns about quality and availability of medical, dental, and mental health care services for servicemembers returning from Iraq and Afghanistan, and difficulties experienced when transitioning from military to veteran status
- Includes numerous requirements for executive branch, including development of joint DoD/VA policy on recovering servicemembers and redesign of certain programs and processes in DoD and VA
- Congress will likely conduct vigorous oversight of implementation of these provisions and may be asked to pass additional legislation to facilitate implementation

MILITARY MANPOWER AND PERSONNEL ISSUES

Backup Slides

*On Recruit Waivers
(Active Components)*

Data provided by Department of Defense

Non-prior Service Enlisted Accessions with Waivers

Fiscal Year	2003	2004	2005	2006	2007
DoD Total Accessions	184,847	182,051	160,685	168,629	167,552
# With Waivers	37,469	36,587	37,262	39,080	42,377
% With Waivers	20.3%	20.1%	23.2%	23.2%	25.3%
Army Accessions	69,571	72,233	65,019	69,395	67,395
# With Waivers	8,836	8,918	10,185	13,518	14,820
% With Waivers	12.7%	12.3%	15.7%	19.5%	22.0%
Marine Corps Accessions	38,685	36,791	38,882	32,337	35,603
# With Waivers	18,494	18,085	19,892	16,392	17,750
% With Waivers	47.8%	49.2%	51.2%	50.7%	49.9%
Navy Accessions	40,462	39,426	37,610	36,187	36,794
# With Waivers	6,878	6,700	5,845	6,635	7,378
% With Waivers	17.0%	17.0%	15.5%	18.3%	20.1%
Air Force Accessions	36,129	33,601	19,174	30,710	27,760
# With Waivers	3,261	2,884	1,340	2,535	2,429
% With Waivers	9.0%	8.6%	7.0%	8.3%	8.8%

Distribution of Waivers by Reason for Waiver

Fiscal Year	Total Waivers					Percent of Waivers				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
DoD										
Number of Waivers	44,613	43,611	45,639	45,835	51,112	44,613	43,611	45,639	45,835	51,112
Waiver Type										
Aptitude	296	543	49	27	21	0.7%	1.2%	0.1%	0.1%	0.0%
Medical	8,886	9,829	11,373	11,386	12,545	19.9%	22.5%	24.9%	24.8%	24.5%
Conduct	30,952	29,574	30,522	30,695	33,050	69.4%	67.8%	66.9%	67.0%	64.7%
Other	4,479	3,665	3,695	3,727	5,496	10.0%	8.4%	8.1%	8.1%	10.8%
Army										
Number of Waivers	8,847	8,939	10,204	13,536	17,030	8,847	8,939	10,204	13,536	17,030
Waiver Type										
Aptitude	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Medical	3,434	4,164	4,331	4,501	4,962	38.8%	46.6%	42.4%	33.3%	29.1%
Conduct	4,918	4,529	5,506	8,129	10,258	55.6%	50.7%	54.0%	60.1%	60.2%
Other	495	246	367	906	1,810	5.6%	2.8%	3.6%	6.7%	10.6%
Marine Corps										
Number of Waivers	24,944	24,324	27,740	22,351	23,254	24,944	24,324	27,740	22,351	23,254
Waiver Type										
Aptitude	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Medical	4,304	4,433	5,835	5,308	5,759	17.3%	18.2%	21.0%	23.7%	24.8%
Conduct	19,195	18,669	20,426	16,969	17,413	77.0%	76.8%	73.6%	75.9%	74.9%
Other	1,445	1,222	1,479	74	82	5.8%	5.0%	5.3%	0.3%	0.4%
Navy										
Number of Waivers	7,420	7,171	6,239	7,330	8,249	7,420	7,171	6,239	7,330	8,249
Waiver Type										
Aptitude	189	530	46	10	9	2.5%	7.4%	0.7%	0.1%	0.1%
Medical	1,050	1,024	1,098	1,451	1,712	14.2%	14.3%	17.6%	19.8%	20.8%
Conduct	4,207	3,846	3,467	3,502	3,288	56.7%	53.6%	55.6%	47.8%	39.9%
Other	1,974	1,771	1,628	2,367	3,240	26.6%	24.7%	26.1%	32.3%	39.3%
Air Force										
Number of Waivers	3,402	3,177	1,456	2,618	2,579	3,402	3,177	1,456	2,618	2,579
Waiver Type										
Aptitude	107	13	3	17	12	3.1%	0.4%	0.2%	0.6%	0.5%
Medical	98	208	109	126	112	2.9%	6.5%	7.5%	4.8%	4.3%
Conduct	2,632	2,530	1,123	2,095	2,091	77.4%	79.6%	77.1%	80.0%	81.1%
Other	565	426	221	380	364	16.6%	13.4%	15.2%	14.5%	14.1%

* Data through September 30, 2007

1. Number of waivers may exceed "Accessions with Waivers" (in Table 1) due to individuals receiving multiple waivers
2. Comparing waivers across Services may be misleading because waiver requirements are applied against Service-specific standards which vary
3. The Armed Services Vocational Aptitude Battery, used in Aptitude Waivers, was renormed in FY2005
4. Marine Corp data for 2006 has changed from previous reports – data previously included Reserve data
5. Changes in the collection and reporting of Conduct Waiver data in June 2007 may make comparisons to previous years unreliable

Distribution of Conduct Waivers by Type of Offense

Fiscal Year	Total Conduct Waivers					Category Percentages				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
DoD										
<i>Conduct Waivers</i>	30,952	29,574	30,522	30,695	33,050	30,952	29,574	30,522	30,695	33,050
Waiver Type										
Felony Convictions	824	638	1,163	647	903	2.7%	2.2%	3.8%	2.1%	2.7%
Felony Arrests (No Conviction)				816	1,077				2.7%	3.3%
Serious Misdemeanor	10,324	9,235	10,523	12,961	14,320	33.4%	31.2%	34.5%	42.2%	43.3%
Minor Misdemeanor	1,824	2,533	1,840	2,158	1,695	5.9%	8.6%	6.0%	7.0%	5.1%
Serious Traffic	1,699	1,413	929	289	589	5.5%	4.8%	3.0%	0.9%	1.8%
Minor Traffic	1,564	1,587	1,369	588	597	5.1%	5.4%	4.5%	1.9%	1.8%
Drug	14,717	14,168	14,698	13,236	13,869	47.5%	47.9%	48.2%	43.1%	42.0%
Army										
<i>Conduct Waivers</i>	4,918	4,529	5,506	8,129	10,258	4,918	4,529	5,506	8,129	10,258
Waiver Type										
Felony Convictions	411	360	571	246	511	8.4%	7.9%	10.4%	3.0%	5.0%
Felony Arrests (No Conviction)				655	877				8.1%	8.5%
Serious Misdemeanor	2,731	2,560	4,054	6,158	7,331	55.5%	56.5%	73.6%	75.8%	71.5%
Minor Misdemeanor	100	113	123	169	155	2.0%	2.5%	2.2%	2.1%	1.5%
Serious Traffic	742	844	124	35	152	15.1%	18.6%	2.3%	0.4%	1.5%
Minor Traffic	5	6	4	1	4	0.1%	0.1%	0.1%	0.0%	0.0%
Drug	929	646	630	865	1,228	18.9%	14.3%	11.4%	10.6%	12.0%
Marine Corps										
<i>Conduct Waivers</i>	19,195	18,669	20,426	16,969	17,413	19,195	18,669	20,426	16,969	17,413
Waiver Type										
Felony Convictions	352	234	481	208	350	1.8%	1.3%	2.4%	1.2%	2.0%
Felony Arrests (No Conviction)				161	173				0.9%	1.0%
Serious Misdemeanor	3,443	3,504	4,239	3,702	3,748	17.9%	18.8%	20.8%	21.8%	21.5%
Minor Misdemeanor	530	424	523	227	243	2.8%	2.3%	2.6%	1.3%	1.4%
Serious Traffic	271	241	321	138	161	1.4%	1.3%	1.6%	0.8%	0.9%
Minor Traffic	1,315	1,268	1,142	489	449	6.9%	6.8%	5.6%	2.9%	2.6%
Drug	13,284	12,998	13,720	12,044	12,289	69.2%	69.6%	67.2%	71.0%	70.6%
Navy										
<i>Conduct Waivers</i>	4,207	3,846	3,467	3,502	3,288	4,207	3,846	3,467	3,502	3,288
Waiver Type										
Felony Convictions	56	40	109	190	42	1.3%	1.0%	3.1%	5.4%	1.3%
Felony Arrests (No Conviction)					25					0.8%
Serious Misdemeanor	2,844	2,340	1,872	2,340	2,627	67.6%	60.8%	54.0%	66.8%	79.9%
Minor Misdemeanor	548	677	911	481	254	13.0%	17.6%	26.3%	13.7%	7.7%
Serious Traffic	116	131	119	66	25	2.8%	3.4%	3.4%	1.9%	0.8%
Minor Traffic	139	134	108	98	108	3.3%	3.5%	3.1%	2.8%	3.3%
Drug	504	524	348	327	207	12.0%	13.6%	10.0%	9.3%	6.3%
Air Force										
<i>Conduct Waivers</i>	2,632	2,530	1,123	2,095	2,091	2,632	2,530	1,123	2,095	2,091
Waiver Type										
Felony Convictions	5	4	2	3	0	0.2%	0.2%	0.2%	0.1%	0.0%
Felony Arrests (No Conviction)					2					0.1%
Serious Misdemeanor	1,306	831	358	761	614	49.6%	32.8%	31.9%	36.3%	29.4%
Minor Misdemeanor	646	1,319	283	1,281	1,043	24.5%	52.1%	25.2%	61.1%	49.9%
Serious Traffic	570	197	365	50	251	21.7%	7.8%	32.5%	2.4%	12.0%
Minor Traffic	105	179	115	0	36	4.0%	7.1%	10.2%	0.0%	1.7%
Drug	0	0	0	0	145	0.0%	0.0%	0.0%	0.0%	6.9%